

Message Text

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62

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

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R 111930Z JUN 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 0680

AMEMBASSY CARACAS

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PASS TO USDOC WASHDC

E.O. 11652: N/A

TAGS: ETRD, DR, VE

SUBJECT: VENEZUELANS PROPOSE TO TRADE OIL-FOR-SUGAR

1. AFTER A THREE-DAY VISIT BY A VENEZUELAN GOVERNMENT MISSION, JUNE 6-8,

LOCAL PRESS REPORTS INDICATE THAT VENEZUELANS SEEM DISPOSED TO BARTER OIL AND RICE FOR DOMINICAN SUGAR AND BLACK BEANS. GOV REPORTEDLY ALSO EXPRESSED AN INTEREST IN DR BAUXITE DEPOSITS AND A MEMBER OF THE VENEZUELAN MISSION (MIKUSKI) HAS ANNOUNCED THAT GOV WILL SEND A GEOLOGIST TO THE DR TO STUDY THIS MINERAL RESOURCE. THERE WERE INDICATIONS THAT THE GOV WOULD BE WILLING TO JOIN THE GODR IN EXPLOITING THE LATTER'S BAUXITE DEPOSITS.

2. OTHER PRODUCTS MENTIONED WERE RICE, CORN, CATTLE AND UREA. VENEZUELANS HAVE OFFERED TO SELL RICE (15,000 METRIC TONS OF US\$) AND UREA (6,000 METRIC TONS) AT PREFERENCIAL PRICES (\$380 AND \$150 PER METRIC TON, RESPECTIVELY). VENEZUELANS ALSO HAVE INDICATED THAT THEY HAVE A SUBSTANTIAL MARKET FOR BLACK BEANS AND APPARENTLY HAVE OFFERED THE DOMINICANS TECHNICAL ASSISTANCE

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AND SEEKS TO EXPAND PRODUCTION OF BLACK BEANS. LOCAL INSTITUTO

DE ESTABILIZACION DE PRECIOS (INESPRE) HAS, IN FACT, ANNOUNCED AN INCREASE IN THE LOCAL SUPPORT PRICE TO ENCOURAGE GREATER BEAN PRODUCTION.

3. VENEZUELANS ALSO EXPRESSED AN INTEREST IN BUYING CATTLE ON THE HOOF AND CORN BUT RECOGNIZED THAT DOMINICAN PRODUCTION OF THESE ITEMS WAS NOT AT EXPORT LEVELS.

4. ASIDE FROM MENTION OF SPECIFIC PRODUCTS, REPORTS CLAIMED THAT VENEZUELANS WANTED TO SEND A TEAM FROM THE CAMARA DE LA CONSTRUCCION TO EXAMINE OPPORTUNITIES FOR VENEZUELAN-DOMINICAN JOINT VENTURES IN THE DR AND HAVE EXPRESSED INTEREST IN HELPING THE DR TO IMPLEMENT AGRICULTURAL DEVELOPMENT PLANS.

5. MEMBERS OF THE VENEZUELAN MISSION WERE FRANCISCO MIKUSKI (VENEZUELAN PETROLEUM CO.), DR. RAMON LEPAGE (VICE-MIN., AGRICULTURA Y CRIA), DR. LUIS LACORTE (PRES., INSTITUTO AGRARIO), DR. JUAN STREDEL (PRES., BANCO AGRICOLA Y PECURIO), DR. CONSTANTINO QUERO MORALES (PRES., CORPORACION DE MERCADO AGRICOLA) AND AMB. GILBERTO URDANETA.

6. COMMENT: VENEZUELA ALREADY HAS A HIGHLY FAVORABLE TRADE BALANCE WITH THE DOMINICAN REPUBLIC AND WITH THE NEW HIGH PETROLEUM PRICES, IT SHOULD HAVE RELATIVELY LITTLE INTEREST IN INCREASING THE INFLOW OF FOREIGN EXCHANGE. CONSEQUENTLY, WE ASSUME THE MAJOR REASONS FOR THE GOV DELEGATION'S VISIT WERE TO SPUR DOMINICAN EXPORTS TO VENEZUELA AND TO INCREASE VENEZUELAN INFLUENCE IN THE CARIBBEAN AREA. WE WOULD APPRECIATE EMBASSY CARACAS' VIEWS IN THIS REGARD.

7. WE ALSO WOULD APPRECIATE ANY LIGHT EMBASSY CARACAS COULD SHED ON VENEZUELAN MOTIVES WITH REGARD TO DOMINICAN BAUXITE. THE ONLY LOCAL PRODUCER IS ALCOA, AND THE GODR RECENTLY HAS INITIATED DISCUSSION TO RE-NEGOTIATE ALCOA'S CONTRACT AND EXAMINE THE PROSPECTS FOR ESTABLISHING AN ALUMINA PLANT HERE. HURWITCH

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